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C O N F I D E N T I A L SEOUL 003361

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E.O. 12958: DECL: 12/10/2014

TAGS: KN KS PGOV PREL PINR

SUBJECT: WEEK OF DESTINY: ONE MONTH TILL PRESIDENTIAL ELECTION

REF: SEOUL 3312

Classified By: POL Joseph Y. Yun. Reasons 1.4 (b,d).

¶1. (C) Summary: In the next ten days the outcome of the December 19 election will become clearer since after the official candidate registration period November 25-6 the candidates will be confirmed. Grand National Party (GNP) candidate Lee Myung-bak still holds some hope that former GNP Chairman and current independent candidate Lee Hoi-chang will drop his candidacy and support him. On the liberal side, there are several possible, but difficult mergers between the remaining candidates. After November 26, it will be very difficult to indict GNP candidate Lee Myung-bak related to crimes committed by Kim Kyung-joon that might implicate Lee. The end of November in 2002 saw the dramatic merger of Chung Mong-joon and Roh Moo-hyun that vaulted Roh from third to first -- some expect a similar "week of destiny" could emerge this year to determine the outcome of the 2007 election. While the media continues to elaborate all the scenarios that could spell the end of Lee Myung-bak's 13-month stranglehold on first place, signs indicate Lee will be able to hold off all challenges. End Summary.

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Ten Days To Determine Election  
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¶2. (C) On November 25-26, candidates must officially register their candidacy. After that point, according to election law, those ineligible for candidacy are those who are: 1. not eligible to vote; 2. who are convicted of a crime carrying a penalty heavier than imprisonment without forced labor (referred to in the press as any sentence over seven years) ; or 3. whose eligibility to run for office has been suspended according to a court ruling. As of December 2, the candidate that has been nominated by a party can not be changed. While some fervent supporters of former GNP Chairman Park Geun-hye hope that Park could replace Lee if one of several allegations against Lee proves true, Park supporter and lawmaker Chin Young told emboffs on November 19 that there was no chance Park could become the candidate. He explained that Park lost the primary because voters valued the economy over moral quality and character, so even if the BBK scandal erupted in the days ahead, Lee Myung-bak would still survive, maintain his candidacy and win the election.

## Kim Kyung-joon Effect

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**¶3.** (C) On November 16, Kim Kyung-joon, aka Christopher Kim, returned to Seoul after his extradition from the U.S. on embezzlement, stock manipulation and forgery charges. Pundits claim the outcome of the election lies with Kim since many believe that Kim's allegations could implicate Lee Myung-bak as the real owner of BBK, and, therefore, responsible for Kim's various illegal schemes. There is likely not enough time before the registration period to indict GNP candidate Lee, but allegations alone that Lee Myung-bak was involved could damage his candidacy enough to allow an opportunity for another candidate -- either Lee Hoi-chang or Chung Dong-young -- to make a run at the presidency. Interestingly, Lee Myung-bak top advisor Chung Doo-un told poloff on November 15 that he had looked forward to the return of Kim Kyung-joon for two reasons: first, Chung was certain that Lee Myung-bak was innocent of any involvement in Kim's illegal activities, and that Kim's return would shift focus from Lee's "ghost employment" of two of his children. For seven years, Lee's children received salaries for work they never did. Lee recently paid about 45,000 USD in back taxes related to the "wages" he paid his children.

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## Spotlight on Prosecutors

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**¶4.** (C) While no one doubts the prosecutors office will have any difficulty making a successful case against Kim Kyung-joon, it is less clear if there is either enough evidence or enough time to implicate Lee Myung-bak in the

investigation. With a new Prosecutor General to take office November 24, the prosecutors office itself is subject to claims it received bribes from Samsung, an enormously complicating factor, raising questions on the impartiality of any action by law enforcement official during this politically sensitive period. Some GNP faithful claim the prosecutors office is attacking at the behest of President Roh in an attempt to sway the election in Chung Dong-young's favor. However, many experts believe the prosecutors office, a highly political organization whose head is appointed by the president, would be more likely to favor the likely next president than the current administration.

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## UNDP-DP-Moon Merger: Still Difficult

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**¶5.** (C) After announcing on November 12 that the UNDP and DP would merge before November 24, there has been little progress to unite the two parties (Reftel). The stumbling block has been the division of power between the two parties. The original agreement was to split power evenly between the two parties, but UNDP leaders now are pressing for a 70-30 split. On November 18, UNDP Candidate Chung Dong-young publicly proposed a merger with independent candidate Moon Kuk-hyun on November 18, stating if Moon accepted the merger, Chung was open to discussing the formation of a coalition government. According to senior Moon advisors, this merger is not likely. In a November 19 televised debate, Moon criticized the proposal saying, "The people's interest is somewhere else." If the current UNDP-DP merger stalls, a Moon-Chung merger could emerge as a possibility. Press reports that Chung expects a 5 to 7 percent boost from a merger with DP candidate Rhee In-je. With little hope for victory regardless of how the parties merge, it is entirely possible that Rhee, Moon and Chung could run separately, splitting the liberal vote.

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## All Hope Lost for the Liberals?

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**¶6.** (C) Leading UNDP lawmaker Kim Boo-kyum told poloff

November 15 that Chung Dong-young could not win the election since Chung had misjudged what voters wanted. He noted that a landslide victory for the GNP would not mean that Korea had become more conservative; rather, Lee Myung-bak had simply better assuaged people's worries about the economy and had convinced people he could run the government more competently than Roh Moo-hyun. Kim admitted that despite Chung running a mistake-proof campaign, ultimately voters were voting against Roh Moo-hyun and could not support Chung because of failure to distance himself effectively from Roh.

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Polls Remain Unchanged  
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¶7. (C) In all major polls, Lee Myung-bak remains the clear front-runner with support ranging from 36.7 percent in a Seoul Shinmun-KSDC November 19 poll to 41.4 percent in a November 19 SBS-TNS Korea poll. Lee Hoi-chang held on to second place in all polls except the SBS-TNS poll, where he trailed UNDP Candidate Chung Dong-young by 1 percent with 16.3 percent support. In all other polls, Lee Hoi-chang held a 3-5 percent lead over Chung and trailed Lee Myung-bak by 18-21 percent. Due to uncertainty surrounding the Kim Kyung-joon case, as well as merger possibilities, the number of non-respondents and those who said they could change their choice increased in all polls to about 20 percent. While this wait-and-see attitude leads some to believe there is some hope for Lee Hoi-chang and Chung Dong-young, according to former Gallup Chairman and current Lee Myung-bak advisor, most undecided voters, rather than swinging to a new candidate, do not vote at all. If they do vote, historically, their vote is split among the candidates.

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Comment  
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¶8. (C) The big casualty of BBK's Kim Kyung-joon's return is the lack of attention paid to the issues. Over the past two days all TV news was focused on Kim's movements and explanations of varied allegations. Similarly, all major dailies devoted several pages to Kim and BBK. This is a shame because some experts had considered this election had been the most focused on specific issues in recent history. Now, it appears the 2007 election will not mark a pronounced advance in the development of democracy in Korea.  
VERSHBOW